

Value Creation



**Embarking on
strategic journeys
that can chart the
next chapters of
growth and face
headwinds with
resilience...**

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Businesses have navigated unprecedented challenges during the pandemic; now they face renewed pressures from a disruptive sweep of geopolitical and economic turbulence. As such, to remain competitive and successfully navigate these headwinds, business leaders and investors need to identify, prioritise and action big, bold choices. To shape the future of their companies/investments and maximise value creation, they must consider a range of possible strategic moves; but simply labelling a plan "strategic" doesn't make it so. They have to do so without falling in the confirmation trap, i.e. looking for data or information that confirm their preferred hypothesis.

This is certainly what we have observed in our recent interactions with clients. Many of our private equity clients, for example, have reached out and introduced us to portfolio companies who grapple with critical business questions and are keen to evaluate value-creating strategies. Hence, the past year has seen us support portfolio companies or standalone corporates to successfully create value, transform their business, identify opportunities, enter new markets, diversify, develop sustainable business models and unlock profitable growth opportunities by redefining target customers and marketing channels (see next page for a few case studies).

With the world still in a state of flux, we believe, that businesses should not shy away from embarking on strategic journeys that can chart their next chapters. On the contrary, this is an opportunity for business leaders and investors to answer fundamental questions such as:

- Have we created value?
- Are we maximising the value creation opportunities or are there gaps that our business can fill?
- How will developments in geopolitics, technology or regulation impact customer behaviour, competitive advantage and business economics?
- Which business model builds the most resilient business?
- Which geographies and adjacent service offerings provide the largest and most profitable business opportunity?
- Are there untapped markets or opportunities that we should target?

The case studies on the following page are testimony to the fact that such bold questions and robust assessments can significantly raise the odds of making good strategic decisions and maximising value creation opportunities.

Case Study 1: Value Creation & Business Model Re-Assessment

A PE investor approached Luminii to conduct an external market opportunity assessment as a tool to guide one of their portfolio company's (a billing management software platform) strategic direction, with a specific view to assess if the company is operating in the correct verticals, if the business model is appropriate to address customer needs and to assess how investors and potential buyers would view the company and, thus, provide the framework by which the company can prepare for an exit event. The company offered its technology platform to two main TMT sectors with different growth profiles and needs. Based on our extensive work; which included over 40 primary research interviews, sizing the market opportunity, profiling the competitive landscape, assessing the business model and culminated in an opportunity assessment matrix with 27 criteria and actionable outcomes, we advised the client to continue operating in both verticals, but pinpointed pockets of opportunity in specific sub-segments and countries. The CEO has informed us that management has used our analyses and arguments to inform its business plan and value creation. Since completing our work, the investor successfully exited the business (to a Tech Firm at \$50m) and the company is pursuing a dual sector strategy.

Case Study 2: European Market Opportunity Assessment & Entry Strategy

We advised a UK corporate on its first international footprint. The company built a successful and profitable franchise business model in the UK offering urgent dedicated B2B courier services to a range of sectors requiring transportation of high value goods at short notice. While having ambitious domestic growth targets, the company wanted to explore the international market opportunity. We undertook desktop analysis on a segment of the European logistics market, collating and triangulating data points on key market segments, demand from target customer groups, differences among key provinces and regulations applying to specific transportation and benchmarked a longlist of competitors. We also conducted 15 in-depth market expert interviews. Significant effort went into the market sizing in order to provide robust figures for the market opportunity. Our conclusion was that the market was in its infancy and that the restricted demand would require significant resource and time to educate the target customers. Therefore, we advised our client not to enter the market. However, if they were to nonetheless decide to enter, we outlined the key success factors such as key locations where they should be based in / regions to target, an initial target list including customer sectors with highest demand, how to access the supply of drivers and we introduced them to transport franchise experts that could act as country/operations managers.

Case Study 3: Value Creation & Marketing Strategy

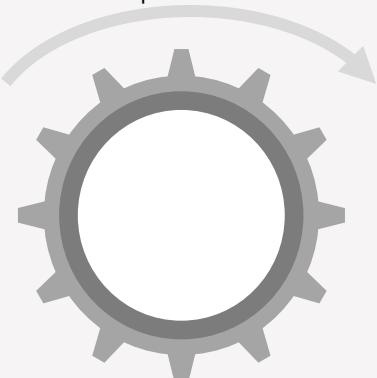
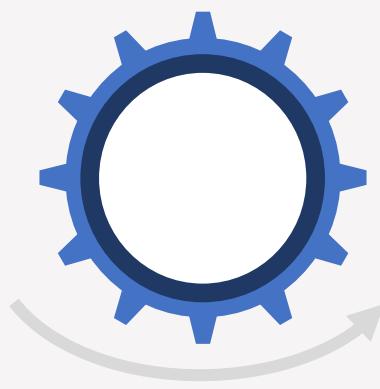
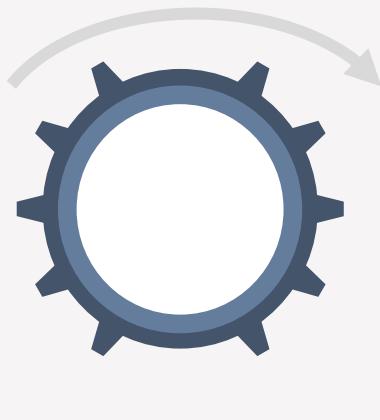
Luminii Consulting conducted a strategy project for an iconic British greenhouse manufacturer who wanted clear insights into its target demographic to inform its marketing strategy. The team conducted an online survey with over 4,000 respondents (a mix of previous customers and potential customers) to more accurately identify the target customer groups and understand their key purchase criteria and buying behaviour. We then compared the results with the company's internal data including the events the company sponsored or participated at (such as Royal Horticultural Society shows) as well as the publications it advertised in traditionally. Our analyses provided the evidence base on which we advised the client on which events to attend, which channels & publications to include in its advertising plan in order to maximise the impact of the marketing budget. Management used our findings to develop the company's marketing strategy and implemented our suggestions. During the time of investment, the company doubled in size and expanded into new geographies. Investors made a successful exit with a 6x return.

Our Approach to Strategy Projects:

We work collaboratively with our clients; we draw on our industry experience and best practices to help management teams or portfolio managers craft strategies to maximise value. We can help clients identify the right diversification opportunities or achieve strategic cross border investment ambitions.

Market perspective:

- What is the addressable market and what is the potential future growth of this market?
- Which sub-segments and geographies are the most profitable and sustainable for us?
- What are the major trends and inhibitors we should prepare for and how will they influence our strategy?



Competitive perspective:

- What is our market position and how can we win in the face of competitors or market disruptors?
- What are our existing key strengths that will help us compete in adjacent markets?
- How do we benchmark vs. key competitors and what can we learn from them?

Contact one of our experts:



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